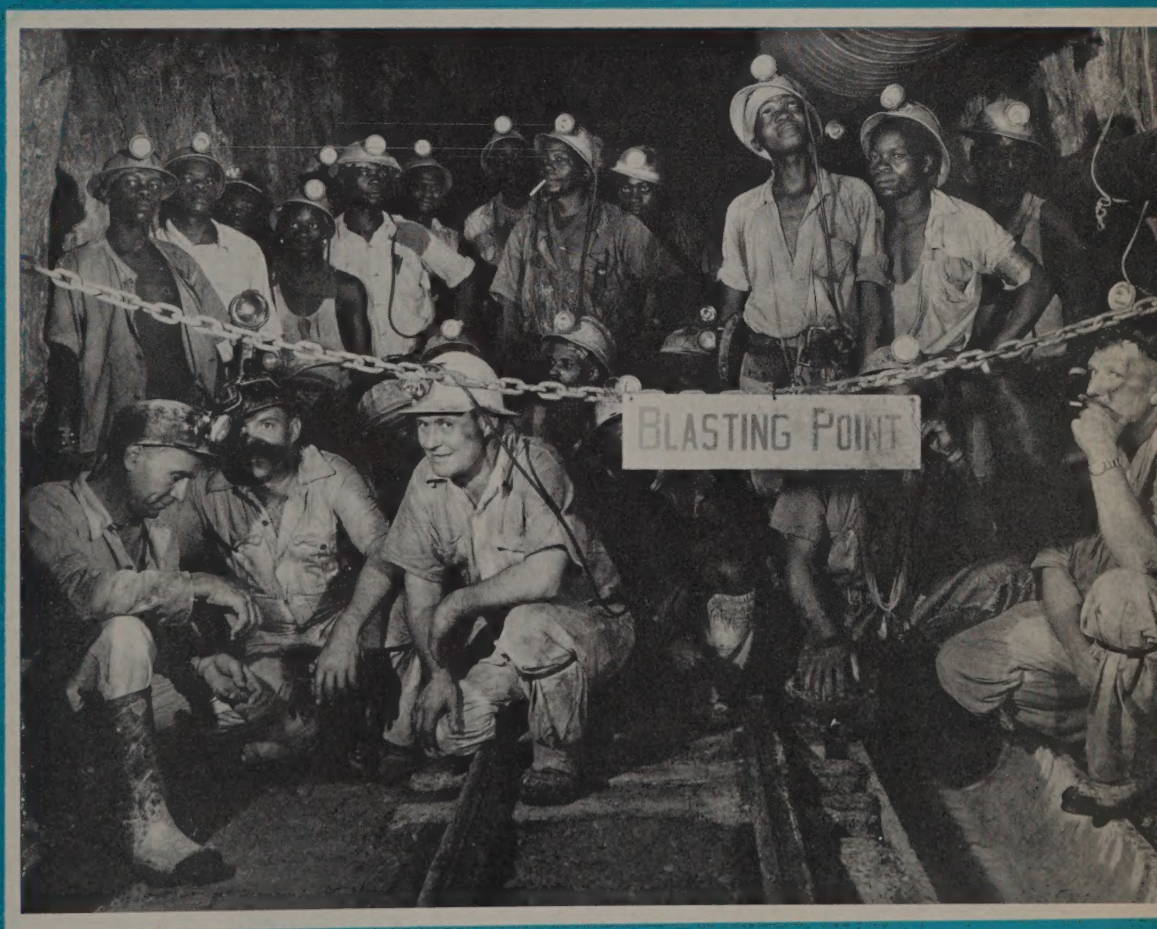
NOVEMBER 22, 1958

foreign trade

CANADA



A LOOK AT THE SOUTH AFRICAN MARKET (pages 2 to 15)

Established in 1904

foreign trade

OTTAWA, NOVEMBER 22, 1958 Vol. 110, No. 11

cover In a South African gold mine, workers withdraw to safety before blasting begins. In the first half of this year, sales of gold bullion brought in £125.7 million. This picture not only features a leading industry but also symbolizes the two markets in the Union—the European and the non-European—each discussed in this issue. Featured also are some sales opportunities in special fields. See pages 2 to 15.

Published fortnightly by the Department of Trade and Commerce.
The Hon. GORDON CHURCHILL, Minister, JOHN H. ENGLISH, Deputy Minister.

Please forward all orders to: The Queen's Printer, Government Printing Bureau, Ottawa.
Price: $2.00 a year in Canada; $5.00 abroad. Single copies: 20 cents each.

CANADA

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South African Expansio

Imports have risen and exports fallen this year; measures have been taken to reduce spending on products from other countries. Canadian sales are up, however, and the outlook seems promising.

M. R. M. DALE, *Trade Commissioner, Cape Town.*

AN acute labour shortage and a smaller inflow of capital have tended to slow down South Africa's rate of expansion. However, net capital income has continued to rise, the numbers employed have increased, and wages are up by 7½ per cent over last year. Imports have risen substantially over those for the same period in 1957 but returns from exports have fallen.

The following table gives the latest preliminary statistics on the Union's balance of payments. (South West Africa, Basutoland, Swaziland and Bechuanaland are included.)

	Jan.-March 1957	Jan.-March 1958
	(£ million)	
Merchandise:		
Imports, f.o.b.	−135	−160
Exports, f.o.b.	113	100
Trade balance	−22	−60
Net gold output	51	50
Other current items (net)	−25	−31
Balance on Current Account	4	−41
Official and banking institutions:		
Long-term liabilities (net)	−2	10
Short-term liabilities (net)	—	9
Long-term assets (net)	1	1
Net private capital movements, omission and errors	−9	−3
Net change in gold and foreign exchange holdings	−6	−24

Source: South African Reserve Bank Quarterly Bulletin of Statistics.

The table shows that the Union's gold holdings and foreign exchange reserves declined by about £24 million during the first quarter of 1958 and that this net outflow resulted from a substantial deficit on current account.

On capital account (which shows a net inflow of £17 million for the quarter), foreign capital movements of official and banking institutions resulted in a net inflow of £20 million. This amount was made up of net government drawings of £1.1 million on loans from the International Bank for Reconstruction and Development, £7.1 million from the International Monetary Fund, £3.6 million in dollar credits from a group of American banks, £5.3 million from a government loan raised in the United States and £3.6 million from a loan granted to the Reserve Bank by an international banking institution, less an amount of about £1 million in respect of a net outflow of funds in the short and long-term assets and liabilities of the commercial banks.

Less Money to Spend

The Government hopes that the balance-of-payments position will improve during the next twelve months. Potential buying power has been reduced by limitations on credit and lower income from certain exports. The national budget, brought down in July, included monetary and fiscal measures designed to bring about a decline in spending, particularly on imports. The budget balanced at £311 million and contained no general tax increase. However, a savings levy was imposed and customs and excise duties on cars, petrol, cigarettes and spirits were increased. Measures were introduced to encourage local and foreign investment.

Anti-inflationary measures associated with the smaller inflow of capital from abroad have made money scarce. Credit and instalment buying has been tightened up. Retail and wholesale business has been cautiously quiet and sales resistance is apparent. Stocks of imported goods are high, partly as a result of the rush to import early this year because of unfounded fears that the Government would introduce more stringent import regulations.

External Trade Analyzed

Although in South Africa's foreign trade, including bullion, exports continue to exceed imports, the gap between commodity imports and exports at the end of June was 2½ times larger than the deficit for the same period last year. Imports totalled £306,489,270, up £37,084,694 over last year; exports were down £27,356,349 and totalled only £201,865,468. Gold bullion sales during the period totalled £124,713,000, up £24,528,000 over the same period last year. Imports increased partly because of the rush to purchase early in the year but the tight-money position

apers Off

is expected to be reflected in progressive cutbacks in imports during the remaining months of the year. Exports, below the previous year, are not expected to improve, especially since the outlook for wool prices is unfavourable. With the exception of maize, fruit and uranium, all other exports brought lower returns than for the first half of last year.

The table below sets out the main figures (gold not included.).

SOUTH AFRICA'S MAIN EXPORTS

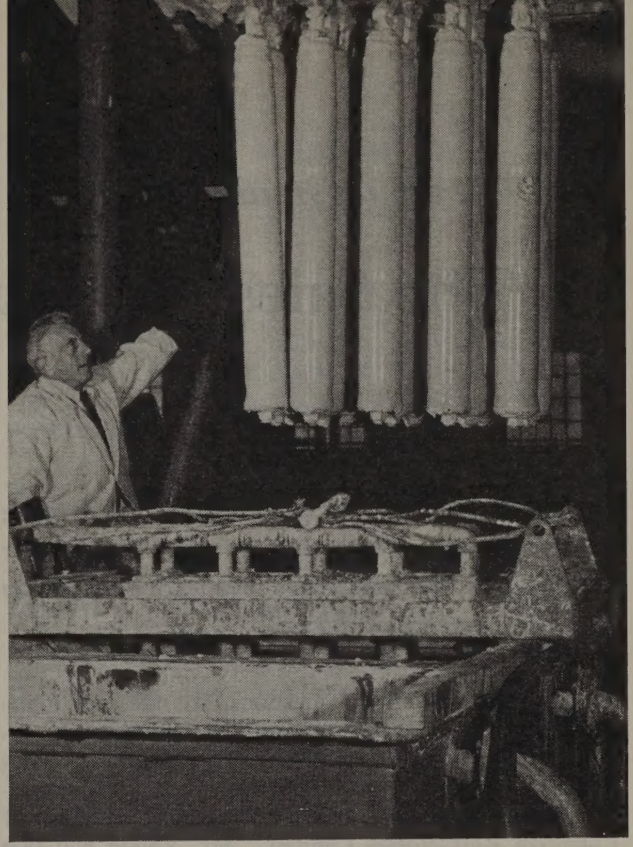
(in millions of £)

	Jan.-June 1958	Jan.-June 1957
Prescribed materials under Atomic Energy Act	£28.4	£22.7
Wool	24.7	39.3
Fruit	19.9	15.3
Diamonds	15.9	18.4
Maize	10.3	8.0
Asbestos	4.6	5.4
Bunker coal and ships' stores	4.0	11.0
Fish in various forms	3.7	3.0
Lead ore concentrates	3.5	5.0
Manganese ore	3.2	2.8
Bar and blister copper	3.2	4.1
Wattle bark and extract	2.7	3.0
Mining machinery	2.4	2.9
Other machinery	2.4	2.5
Chrome ore	1.6	1.7
Sugar	1.3	.8
Pneumatic tires and tubes	1.1	1.6

Canada's exports to South Africa improved during the first half of 1958, rising to $29,612,714 compared with $25,595,563 for the first six months of 1957. Sales of tallow, glove and upper leather, steel plates, railway rails, locomotives, and passenger cars, etc., went up considerably. On the other hand, exports of aircraft parts, semi-fabricated aluminum, cellulose products, refrigerators, newsprint, threshers and combines, and canned salmon, etc., fell markedly. Our export commodities are facing serious competition from an increasing range of low-priced South African manufactured products. Moreover, the recently introduced monetary and fiscal measures may adversely affect the demand for Canadian products; for example, passenger automobile sales have fallen off during the third quarter of 1958.

Prospects Are Encouraging

Prospects for increased production of gold are better than at any time in South Africa's history: it is estimated that output in new areas will continue to increase for some years and will more than compensate for the decline in older mines. Dividends paid by the gold-mining companies during the first six months of this year were 20 per cent higher than for the same period last year. Sales of uranium, it is reported, are expected to earn £500 million over the next decade. Improvements in transportation facilities will permit increased production of coal, manganese and chrome. The prospects for agriculture are satisfactory and the value of production, which reached £370 million last year, was up 7½ per cent. However, agriculture in South Africa is vulnerable to bad seasons and any slump in foreign markets. The prevalence of wheat lice this year is expected to reduce production and wheat is being imported, including 4.9 million bushels from Canada. The depressed wool market will also tend to reduce the country's net agricultural income.



These candle filters are used to dewater uranium oxide precipitate in the final stage of the extraction process. Sales of uranium are rising rapidly and South Africa expects to earn at least £500 million from them over the next decade.

The gross value of output of all industries is currently running at more than £1.6 billion a year, to which private industries are contributing about £1.5 billion. This total is about one million pounds above that of ten years ago. Expenditure in the public sector is expected to continue high. This year the unprecedented amount of £78.9 million has been authorized to be spent on railway and harbour development. It can be expected, therefore, that within the limits of labour shortage and the impact of world conditions, the South African economy will continue to expand. •

62129-2—2

As the businessman sees it

The Sales Approach in South Africa

O. MARY HILL, *Editor, "Foreign Trade"*

HOW does the South African market impress a visiting Canadian? Do business practices there differ from our own? Will the time and money spent on a business trip be repaid in export orders?

To find the answers to questions like these, I interviewed two Canadian businessmen who recently returned from South Africa—*Keith E. Young,* sales manager of Dominion Textile Co. Ltd., Drummondville Division, and *M. A. Phelan,* export manager of Canadian Refractories Limited. Mr. Young had two objectives: to sell printed cotton textiles to wholesalers, department stores and "cutters-up" (garment manufacturers), and to explore the market for nylon fish nets among the commercial fishing companies. Mr. Phelan was promoting a specialized product—refractory materials—used almost exclusively by smelters, steel plants, and the Portland cement industry. Yet each, despite his differing contacts, made rather similar discoveries about this $48-million market for Canadian goods. Each has much the same advice to offer fellow exporters.

Here are the questions I asked Mr. Young and Mr. Phelan and their replies, as a guide to other Canadians anxious to cultivate this market.

How long did you spend in South Africa?

Each of these men spent three weeks in the Union and each considered this an adequate amount of time.

What centers did you visit?

Both Mr. Young and Mr. Phelan made Johannesburg their headquarters; the majority of South African firms have head offices there. But they also went to Cape Town; Mr. Young spent some time calling on the large fisheries companies in that city.

Mr. Phelan, in addition, went to mining towns, steel plants, etc., in the Transvaal and elsewhere. Each made clear that his market was the European community, not the African, and that this market can normally be covered from the two cities, with the possible addition of Durban.

Was this trip part of a longer itinerary?

To make the best use of their time and to cut down expenses, the two men combined this trip with visits to several European countries and to the Belgian Congo. Mr. Phelan also went to the Rhodesias. Most of their travelling was done by air, but Mr. Phelan motored to many of the industrial centers. In fact, in one week-end he covered 1,200 miles.

What technique did you use in covering this market?

The companies that these men represented already had agents in South Africa. These agents were requested, well in advance, to draw up a schedule of visits both to established customers and to prospective ones. This schedule was followed, and agent and principal made calls together.

To introduce his nylon fish nets, however, Mr. Young relied chiefly upon names of prospects supplied by the Canadian Trade Commissioner. He also called upon the company that had written to him inquiring about the product and had sparked his interest in this market. Towards the end of his ten-day visit to Cape Town he appointed an agent for this line to take over follow-up work.

How do South Africans regard North American suppliers and their products?

Mr. Phelan remarked on the strong North American influence apparent everywhere—the automobiles in the streets, the hotels, the food, the goods in the stores. The business climate in South Africa, he feels, closely resembles our own; salesmen are received and business done in much the same way. There is no difficulty getting in to see South African businessmen and most of them are impressed by the fact that a Canadian has come a long way to visit them and introduce a product.

Mr. Young discovered that, in consumer lines, South Africans like the styling and design of North American products and are willing to pay a premium for those that appeal to them. He found less high-pressure salesmanship than in Canada or the United States. His reception by the commercial fishing companies he describes as "amazing."

Is the personal element important in business?

Mr. Young's answer to this was an emphatic "Yes"; more than in almost any country he has visited, business in South Africa is influenced by personal friendships. This should be borne in mind when one is choosing an agent—"who he knows is as important as what he knows." A good deal of business can be initiated at the ubiquitous cocktail party.

Mr. Phelan illustrated the value of personal contacts by remarking on the number of Canadian engineers on the operating staffs of mining and other industrial companies. Their presence assures the Canadian visitor of an entrée and a welcome. They do not necessarily influence purchases but they do know the facts about our industrial output.

Is an agent essential in South Africa? Are good ones easy to find?

Both men feel that in the Union a good agent is a necessity and that the customer recognizes his value; in certain other countries, the preference is for dealing directly with the Canadian company. There are many efficient, well-established agencies, capable of doing prospecting and follow-up work. In making a choice, two things should be kept in mind. One is the agent's range of contacts (Mr. Young selected one in Cape Town to sell his fish nets because "he knows all the big boys.") The other is that he should have facilities for covering the Johannesburg, Cape Town and Durban areas and, for certain products, perhaps Southern Rhodesia as well. Rates of commission are much the same as in other countries.

In fish nets and many other lines it is essential that the agent keep replacement stocks on hand, because of time required to get fresh supplies from Canada.

What is the chief problem in selling a Canadian product in South Africa?

Both men replied "price", though they were promoting very different products. Mr. Young went to South Africa after he had discovered that his company's sales of printed cotton textiles were lagging because the prices were too high. He suggests that a company faced with this problem should not quote the agent an arbitrary standard price but try to work out with him one that will allow a reasonable profit. This will give him incentive to push the line. The situation is best straightened out personally, rather than by correspondence.

Each agreed that shipping services from Canada to South Africa (usually to Cape Town or Durban, then inland by rail) are adequate. Import licences are needed for textile products but are easily obtained. Nor does a dollar shortage impede sales, as it does in neighbouring Rhodesia.

What are the main sources of competition?

The answer to this question varies with the product. In cotton textiles, the United States is a formidable competitor, both in price and in range of goods. In nylon fish nets, the Dutch and the Japanese hold a good share of the market. Mr. Phelan, selling refractory materials, found three main sources of competition —domestic producers, Austria, and the United Kingdom. European and United States firms are particularly busy in South Africa.

Is South Africa a changing market?

Mr. Phelan, paying a second visit to the Union, was better qualified to comment on this. He believes that, industrially speaking, South Africa is expanding and that Canadians who wish to sell capital goods, equipment, or industrial products should watch developments closely. Similarly, as domestic industries spring up, the market for imported goods may change. In consumer products, Canadians could capitalize on the liking for new styles and new materials that Mr. Young observed.

Are there any special methods of introducing a consumer product?

This question was naturally directed to Mr. Young. He pointed out the usefulness of exhibiting at a trade fair such as the Rand Easter Show, held in Johannesburg last spring. His company had a display there that included actual samples of textile goods and an animated display of fish nets, showing the *Bluenose* breasting the waves. Mr. Young spent some time on duty at this stand and found the contact with potential customers, and their comments, most useful. He recommends that a Canadian company planning an exhibit at the Rand Show, held every spring, keep two things in mind. One is to ensure that a well-briefed representative is on hand at the booth; the other, to make certain that the agent's name and places where the goods can be obtained are prominently displayed.

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What type of advertising goes over best in the South African market?

This depends upon the type of product. Mr. Phelan's company, selling in a limited and specialized field where one can easily list all possible prospects, relies upon direct mail. The head office in Montreal prepares and dispatches information bulletins, sales letters, etc., to these potential buyers. Mr. Young observed during his trip that many Canadian firms advertise in the large number of trade journals published in the Union. Commercial radio and the newspapers are also popular media. His own company leaves local advertising entirely to the agent.

What are the usual terms of payment?

Mr. Young's company gives its South African customers three choices. Many of the accounts are settled through New York brokers and the terms are ten days. If the company deals directly with a South African buyer, terms are sight draft. A few buyers ask for sight draft, 30 to 60 days. Mr. Phelan has found that few of his clients ask for extended credit.

Did you call on any dissatisfied customers?

Both men felt that one of the most useful parts of any trip is spending time with complaining customers, getting at the root of the trouble. Mr. Phelan puts it this way: "A complaint presents an opportunity to establish yourself more surely in that customer's confidence. It should be handled swiftly and justly." Mr. Young had much the same feeling. He says that one of the best ways to gain a long-term customer is to have a complaint, find out how the product failed and why, and remedy it to the buyer's satisfaction. Solving the difficulty by correspondence is almost impossible.

Are you planning a return trip to South Africa?

For Mr. Phelan this was a return journey: he first went to South Africa in 1955. Mr. Young intends to go back by the end of this year; he considers a follow-up essential. If he finds customers pleased with their first orders, he can book additional ones; if they are dissatisfied, he can adjust matters. A second visit has, he believes, a sound psychological effect: it makes your clients feel that you have a continuing interest in serving them.

To the Canadian who decides to try a sales trip to South Africa for the first time, Mr. Phelan has a word of caution. Don't consider the visit a failure if you do not actually receive orders. No one expects to secure domestic business on a first call, yet he feels disappointed if this happens in an export market. But continued cultivation should bring results. •

Ireland Probes Coal Deposits

IRELAND consumes some 1.4 million tons of coal a year and only about one-sixth is mined domestically. In 1957, coal and fuel oil made up 9 per cent of all her imports, and were valued at approximately £9.1 million and £7.3 million, respectively.

In an effort to meet this serious fuel deficiency, it has been announced that test drillings will be made in the Leinster and Connaught coalfields to assess the full extent of workable coal deposits. The program is to be financed by the American Grant Counterpart Fund and supervised by the Geological Survey office. It is expected that it will take three years to complete the survey, which will determine the thickness and extent of the seams and how much coal can be cleaned and made marketable.

The surveyors will concentrate on the Leinster coalfield, the larger and believed to be the richer of the two. It is situated where Counties Kilkenny, Laois and Carlow meet on a plateau surrounded by a ring of 1,000-foot-high hills. This plateau is readily accessible by road, not far from railroads, and only some 55 miles from Dublin. At present, it is a region of bogs, forests and fair-to-poor grazing land. The coal, an anthracite of very low volatility, has been mined in this region for over 300 years. The other area to be surveyed is the Munster coalfield not far away in County Tipperary, which contains smaller anthracite deposits.

In the 1930's, total anthracite production averaged under 90,000 tons but during the war the difficulty of obtaining alternative supplies provided an incentive for development and production rose to 120 thousand tons a year. Output has continued to rise in spite of the accessibility of imports, and reached about 160 thousand tons in 1957.

The survey, it is expected, will locate substantial reserves, to lessen Ireland's dependence on imports and provide employment. At present, only about 1,000 miners are employed in the country's collieries. The anthracite in these coalfields can be used not only for fuel but also for making calcium carbide and the electrodes that are required in the refining of such metals as iron and copper. This additional use, it is hoped, will create an export demand.

—H. A. GILBERT,
Commercial Counsellor, Dublin.

Ten Million New Customers

This montage shows advertisements in South African magazines directed at the non-European market. Note the appeals to the native's sense of style and to his interest in child care.

South Africa's Native Market

The growing native population in the cities, with a rapidly improving standard of living, calls for almost every kind of consumer goods that modern industry can produce. But rural Africans, who still outnumber their city cousins, continue to buy the long-popular staples.

I. V. MACDONALD,
Assistant Trade Commissioner, Johannesburg.

A new and important consumer-goods market is appearing in South Africa with the rapid climb in the purchasing power of the country's ten million non-Europeans. And the present pace of industrial development suggests that the living standards of these people will continue to rise; their total income may approach that of the white population as early as 1965. The native's increasingly important place in South African industry can be seen from an examination of employment statistics in the clothing industry. In 1938-39, its employees were 39 per cent non-European; today the proportion stands close to 80 per cent, and the industry has become much larger.

"Quality" Goods in Demand

This market does call for a specialized approach, but Canadian exporters should bear in mind that more and more urban natives can afford and demand European-quality goods. They have tastes far removed from those of the natives to the north or on the reserves, who have been less exposed to Western influences.

In recent years, the non-European has steadily broadened the range of products on which he chooses to spend his income. His expanding needs have attracted the attention of manufacturers and sellers of such things as ballpoint pens, patent medicines, American-style clothing, quality men's hats, household appliances, toothpaste, stationery, clocks and watches, sewing machines, canned fish, cosmetics, powdered milk, shoe polish, cotton sheets, textile piecegoods, footwear, medical supplies, photographic supplies, perfume,

This customer proves that he is discriminating as he examines a shelf of Canadian-made soups. As the income of the non-European city-dweller rises, his range of purchases broadens.

deodorants, linoleum, antiseptics, sports equipment and training courses of all types.

The average non-European in South Africa has a much lower income than the European but this has not confined his purchases to inferior quality, low-priced products. Commenting on footwear sales, the managing director of a fashionable haberdashery in Johannesburg stated: "Natives are the most style-conscious customers in the country. If you are prepared to promote style you can sell anything to this class of buyer; if it is up-to-the-minute and new, we have found that our native customers will buy, irrespective of price. Once natives went in almost exclusively for American footwear. Now there is a strong preference for Italian footwear, which we have been able to co-ordinate and promote successfully with Italian-made clothing." Over 46 per cent of total shoe sales in the Union of South Africa are made to non-Europeans. Almost all retail sales to natives are for cash, but instalment buying will no doubt expand in future and simplify bigger single purchases by non-Europeans.

Bantu Incomes Rising

Eighty-five per cent of the non-European population of South Africa is Bantu—the natives who occupy most of Africa south of the equator. Up-to-date statistics on the income and spending pattern of these people are not readily available, but an authoritative study shows that the income of non-whites increased by 545 per cent from 1938 to 1951, compared with 286 per cent for Europeans. By 1954 the share of total national income earned by the Bantu had risen to 25 per cent and this proportion has continued to rise, according to reliable estimates. Based on this percentage, total Bantu spending power has now reached at least £500 million. Government economists predict that their per capita income will double by 1965.

The heads of families earn an average of about $42.00 a month, with average family income somewhat higher. They have at least £25 million in savings banks and paid-up insurance and are beginning to invest to some extent in the distributive trades; a notable example is the Vendaland Trading Company (Pty.) Limited, which has 34 native shareholders and a working capital of £20,000. The number of independent Bantu businesses is increasing rapidly and includes savings institutions, credit co-operatives, a life insurance company, and hundreds of transport contractors and retail stores.

As the South African native becomes more urbanized and begins to receive higher wages, his purchases tend to follow the European pattern. This means that a joint approach to the European and native markets in South Africa is frequently better than concentrating on the native market alone. However, at present non-urban natives outnumber those with cultivated European tastes and there are certain products which are in demand by natives, Coloured (mixed blood), or Indians, but find little sale among Europeans. Among these are used clothing, packaged hops, highly-coloured blankets and cast-iron cooking utensils.

Best Opportunities Listed

The best prospects for Canadian exporters appear to lie in conventional fields such as packaged foodstuffs, men's, ladies' and children's novelty clothing, footwear, proprietary medicines and sporting goods. Producers of cotton and rayon piecegoods, which are bought in very large quantities, should note that the lower-priced, brightly-coloured lines are the most popular. They are sold directly to consumers and to clothing manufacturers. Canadian used overcoats have already found a ready sale and there should be a rising demand for electrical home appliances of all types because, by 1960, all native areas will be electrified.

Canadian manufacturers interested in the Bantu market for foodstuffs should check on the many food taboos or "totems" that may affect sales prospects. These taboos vary from tribe to tribe and in the past have decidedly limited sales of fish, which is considered to be a form of snake. On the other hand, more and more South African canned pilchards are being sold and may open the way to more expensive types. Canadian sardines, for example, are already selling well.

There are few commission agents who specialize in goods intended chiefly for the native market, but there are a number of distributors and many wholesalers who have had considerable experience in this field. Most wholesale and retail firms are interested in serving both Europeans and Africans, though there are a few wholesale and many retail outlets operated by non-Europeans and serving their own people almost exclusively.

Choosing a Representative

Normally, the Canadian exporter can obtain the best coverage of the native market by appointing a commission representative. The representative can then canvass appropriate wholesalers and other organizations possessing import permits. Alternatively, an exclusive Union-wide distributor or regional distributors can be appointed with whom the Canadian supplier can deal direct. A Canadian firm not already represented in South Africa may find that choosing a suitable representative or distributor able to develop sales to the non-European market is difficult, unless a member of the firm makes a personal visit to the territory. However, interested businessmen may obtain advice and assistance from the Canadian Trade Commissioners in Johannesburg and Cape Town.

Advertising Influences Sales

The most successful exporters are those who have studied African tastes and psychology and have introduced their products through specialized advertising. The non-European buyer is very brand-conscious and, in this respect, is probably even more discriminating than his European counterpart. For this reason, building up goodwill for a branded product is an important aspect of one's sales approach. (Many of the urban Bantu, who represent about 60 per cent of the adult native male labour force, later return to the country where they continue the purchasing habits and brand loyalties they developed in the city.) Canadian manufacturers and exporters interested in this potentially large market should work closely with their South African representatives on suitable sales promotion.

The most popular advertising media used by South African firms to reach the native consumer are the non-European magazines and newspapers, cinema slides, posters, showcards, point-of-sale material and tape-recorded commercials, which are reproduced in the crowded native municipal buses. Most of the non-European publications are printed in English. The largest is *Drum,* an illustrated magazine (incidentally, printed on Canadian newsprint) which appears monthly and is circulated throughout Southern, West and East Africa. *Drum* magazine is the largest in South Africa, *Golden City Post* is second, and *Zonk* is third. Coverage is much greater than the circulation figures indicate. *Drum,* for example, is estimated to have 12 readers per copy in the Union and 20 readers per copy of its West African edition, which has a circulation of 145 thousand. As distinct from the Union, about 95 per cent of the advertising in the West African edition is placed by United Kingdom manufacturers.

Catering to Native Tastes

Hundreds of South African firms already advertise in the native press and in some cases expenditures for this purpose absorb a major part of the total advertising budget. Manufacturers of the following products take space regularly in native publications: bicycles, beauty preparations, insecticides, antiseptics, medicines, baby foods, confectionery, fish products, textile print goods, branded clothing and footwear, tobacco products, household appliances, banking services, correspondence courses, watches, stationery and supplies, agricultural equipment, cameras and films. A typical selection of magazine advertisements designed for native readers accompanies this article.

The number of people who will be affected by advertisements in the Bantu press depends largely on the extent of literacy. With improved educational facilities, the proportion of literate adult natives in South Africa has increased rapidly and today an estimated 54 per cent can read.

In selling successfully to the African, packaging is as important as appropriate advertising. Partly because of the absence of credit facilities, small (and inexpensive) packages are preferred wherever this is feasible. For most homogeneous commodities, standardized weights or numbers per package are most acceptable and these are usually devised to retail at prices conforming to South African small coins up to two shillings. Labels with red as the predominant colour have the strongest appeal, though the native buyer is suspicious of products that he thinks are designed for him alone, because this may imply inferiority.

Outlets for Canadian Goods

The trade channels through which a Canadian exporter must go if he wishes to reach the non-European market will depend on the product he has to sell. Many can be handled simultaneously by wholesalers serving native retail outlets, such as concession stores at the mines, and by European traders whose clientele may be partly non-European. The professional native trader, who may be itinerant or maintain a retail shop in the native townships or reserves, is a fairly recent phenomenon. But he is growing in importance and may continue to do so, particularly if the plan for geographical segregation now under consideration is adopted.

A preliminary market survey will determine whether the Canadian exporter should use the European or the non-European advertising and distributing media. Where the market looks hopeful, a Canadian firm should engage a South African market research or advertising company, particularly if large sums of money are involved or a manufacturing project is contemplated.

In either case, interested Canadian manufacturers and exporters should bear in mind that South Africa, with its own substantial native market, is also a stepping-stone to even larger consuming populations to the north. Successful sales in the Union could open the door to business in the British protectorates, West Africa, East Africa and the Rhodesian Federation.

South Africa: *Trade Opportunities*

KNITTED OUTERWEAR

I. V. MACDONALD,
Assistant Trade Commissioner, Johannesburg.

COMPETITIVE Canadian firms should explore trade opportunities in knitted outerwear for South Africa, where the wholesale and department-store buyers are already negotiating for next year's winter-season requirements.

Each year a substantial quantity of men's, women's and children's knitted outerwear (such as pullovers and cardigans) is imported into the Union, chiefly from the United States, the United Kingdom, the Federation of Rhodesia and Nyasaland, and Italy. Orlon and woollen garments have been popular but there is a recent trend toward banlon and it is expected that banlon garments will be imported in fairly large quantities toward the end of the present year and in early 1959.

Novelty lines are in special demand and Canadian companies offering good contemporary styling may expect a reasonable success, even where prices are somewhat higher than those being quoted for conventional lines.

Entering the Market

Most of the knitwear is purchased in Johannesburg; Canadian companies interested in representation or sales should write to the Canadian Trade Commissioner in this city or, for the Cape Town area, to the Trade Commissioner at P.O. Box 683, Cape Town. In asking for a preliminary market survey, the exporter should supply export quotations, suggested terms of payment, illustrations or sketches, material and shade cards, approximate delivery terms and minimum quantities. On the basis of this information, an interested agent or buyer can be selected and he will study styles and prices before requesting particular garments as samples to show in approaching South African buyers. If the sample range is not unduly large, the goods can be sent by air parcel post, with no individual parcel exceeding eleven pounds in weight to comply with South African parcel regulations. Import permits are required for samples of commercial value from overseas and prospective agents should assure the exporter that they possess the necessary permit before shipment is made.

South African import controls still hinder sales of Canadian knitwear, but there is no discrimination between sterling and dollar sources of supply. However, the scarcity of import permits tends to favour local manufacturers of knitted garments and a few have made considerable progress in lower-priced woollen

IMPORTS INTO SOUTH AFRICA

	1956	1955
Men's Knitted Outerwear:		
Rhodesia	£125,471	£ 60,542
Italy	68,192	5,861
United Kingdom	44,787	16,485
United States	13,999	7,351
TOTAL	634,950	194,296
Women's Knitted Outerwear:		
United States	£114,338	£ 50,265
United Kingdom	80,560	51,559
Rhodesia	65,259	32,449
Italy	60,300	12,045
Switzerland	51,249	19,337
TOTAL	931,753	338,712

lines, despite a rather restricted range. For Canadian merchandise the chief source of competition, especially in orlons, is the United States.

What to Sell

There are two relatively distinct market opportunities for Canadian knitted products in South Africa. One is for quality garments which are retailed through the more exclusive men's and women's shops and a few department stores. The other is for "price" merchandise that is sold in large volume through the wholesale trade and to the larger department-store chains specializing in the lower price range. Both should be considered.

Prices of imported knitwear are fairly competitive, especially those quoted by U.S. mills. The quality of Canadian knitwear is considered high in comparison with most other import sources but under present economic conditions, buyers are prepared to pay only a limited premium for a superior garment. Therefore, Canadian exporters interested in volume sales in South Africa should concentrate their sales efforts on medium to cheaper quality lines which, however, should be well styled. Men's and ladies' banlons, including novelty men's cardigans, have become popular but, again, it is necessary to meet U.S. price competition. U.S. mills have obtained a fairly large share of total banlon sales in South Africa. Orlon knitwear of medium quality is now being made in the Union but this has not restricted import possibilities significantly.

The South African tariff on knitted outerwear containing more than 50 per cent wool or cotton is 30 per cent. On other knitted outerwear, including orlon and banlon, it is 20 per cent. To these duties must be added, of course, shipping and clearing charges, export preparation, an imputed charge for the use of import permits, and various distribution mark-ups to reach the South African retail price. Generally speaking, a Canadian garment will retail in South Africa at somewhat more than double the Canadian F.O.B. cost. Imports of knitted outerwear in 1955 from all sources were valued at £533,008 and in 1956 rose to £1,566,703. •

PHARMACEUTICAL RAW MATERIALS

I. V. MACDONALD,
Assistant Trade Commissioner, Johannesburg.

SOUTH AFRICA is a relatively open market for pharmaceutical raw materials and most of them must be imported. Detailed import statistics are not available (with the exception of those accompanying this article) and the following information has been based principally on conversations with traders and importers. Consumption probably conforms quite closely to the volume of imports over the long term, because practically no pharmaceutical raw materials are manufactured here.

Animal Derivatives Needed

South Africa's imports of pharmaceutical raw materials are composed chiefly of products of animal origin. These make up over two-thirds of the total value of imported pharmaceutical raw materials and reached over $5 million in 1957. Canadian companies wishing to enter the market must be prepared to meet fairly stiff competition from the United States and the United Kingdom. The U.S. is by far the main supplier; her shipments in 1957 were valued at over $3.7 million.

For the most part, South African importers and distributors of animal derivatives buy in the best market and are not tied through company relationships to certain suppliers. ACTH is losing the market here to preparations of more recent discovery and the relatively small demand is met entirely by imports, chiefly from the United Kingdom, Continental Europe and the United States. There is a small demand for pepsin and bile acids and a strong one for hormones. These are used extensively in South Africa and are imported in prepared form.

South African manufacturers use cascara and senega root extensively in liquid medicines, pills and tablets. Squills (scilla) are important ingredients in preparing cough medicines. Hydrastis is still imported in small quantities but has been replaced largely by antibiotics; in any case, senega root is much more popular than hydrastis for general tonics. The use of medicinal roots for making up prescriptions has suffered from the trend among physicians to rely on ethical preparations from well-known pharmaceutical companies. New York is probably the chief supplier, and competition is somewhat limited because of the small number of producing countries.

Synthetic chemicals of organic and inorganic origin are used extensively. Needs are met entirely by imports from a number of countries, principally the United Kingdom, which supplies most of the important though declining market for penicillin in South Africa. There

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In a South African pharmaceutical plant, workers trim suprarenal glands before they are processed further. Some of these animal glands and tissues are imported from other countries.

is also a demand for camphor chemicals and the United Kingdom is the chief supplier. Russia has exported acetylsalicylic acid, via the U.K., to South Africa. (The traditional source is Britain.) The last major Russian shipment totalled 20 tons and was imported at a very low price; its quality was considered excellent. Quality, incidentally, is secondary to price in South Africa, because the quality of most pharmaceutical chemicals cannot vary from standards set by the British Pharmacopoeia. Phenacetin for making headache powders is in strong demand and is imported chiefly from Germany. Saccharine 550 insoluble, used in soft drinks, is purchased normally through the South African pharmaceutical trade and is imported from the Soviet Zone of Germany at very low prices, though it is subject to an import duty of £1 per pound. A large amount of caffeine is consumed by a soft drink manufacturer in South Africa but purchases are confined mainly to German suppliers.

Importers of pharmaceutical raw materials are the highly integrated drug wholesale and distributive firms and, to a lesser extent, manufacturing subsidiaries of overseas houses such as Schering, Abbott, and Wyeth. Usually these subsidiaries are not restricted to their parent company for supplies, though this is the case for some of their purchases.

Import Regulations

Health regulations govern the import of products of animal origin and habit-forming drugs. The Therapeutic Substances Act requires that licences be issued

SOUTH AFRICAN IMPORTS OF PHARMACEUTICAL RAW MATERIALS, PHARMACEUTICALS AND RELATED PRODUCTS

	1956 £	1957 £
Druggists' Sundries (not drugs), Apothecaryware		
TOTAL	64,988	58,282
Of which:		
United Kingdom	16,267	14,263
Hong Kong	13,380	2,084
India	6,675	13,843
Canada	71	70
Germany	6,678	6,075
United States	10,615	11,196
Penicillin		
TOTAL	179,798	250,463
Of which:		
United Kingdom	108,313	155,541
Portugal	14,225	2,106
United States	25,783	44,565
Animal Glands and Tissues and Their Preparations (toxin, antitoxin, lymph sera and vaccines) and Bacterial Derivatives, Other.		
TOTAL	1,603,202	2,150,799
Of which:		
United Kingdom	369,210	522,394
Australia	42,114	44,804
Canada	.....	11
Denmark	35,206	54,028
Germany	26,365	39,393
United States	1,107,150	1,392,912
Acetysalicylic Acid		
TOTAL	31,433	79,738
Of which:		
United Kingdom	27,680	52,353
Pills, in bulk, imported in packages, not for direct sale to the public		
TOTAL	94,904	154,006
Of which:		
United Kingdom	53,369	52,873
Canada	2,710	90
Switzerland	20,267	53,207
United States	17,444	45,529
Drugs N.E.E.		
TOTAL	117,252	171,540
Of which:		
United Kingdom	32,387	39,896
Canada	534	56
Germany	43,806	49,695
Italy	10,608	36,186
United States	11,682	11,901

to importers of certain types of drugs and that the expiry date of the licence be designed to coincide with the potency loss of the imported product. However, the Therapeutic Substances Act does not cover ACTH, liver extract, pepsin or vitamins.

All of the products mentioned above are subject to import control but import licences are granted fairly readily to recognized importers, many of whom hold substantial values of import permits. The tariff on

roots and herbs and synthetic chemicals of U.S.P. standard is 15 per cent and if not of U.S.P. standard, 10 per cent. Liver extracts, vitamins and hormones (for the most part) are admitted duty-free. The British preferential tariff does not apply to Canadian pharmaceutical raw materials.

How to Approach Buyers

There are two essential ingredients for success in the South African market for pharmaceutical raw materials: competitive prices and a live-wire representative. A Canadian firm can introduce its products to the South African trade through direct mail, but unless this is followed up by a visit from an active sales agent, there is little prospect of satisfactory sales development even though Canadian prices in some cases may be lower than those of present suppliers. Businessmen who are interested in selling their pharmaceuticals here and who would like assistance in selecting a suitable South African representative should write to the Canadian Government Trade Commissioners in Johannesburg and Cape Town.

Canadians Can Compete

Prospective exporters should note that some of their products may be excluded from sale in South Africa because of prior agreements made by organizations holding the patent rights, or because of intervention by companies holding exclusive sales rights. However, the young South African chemical industry itself should offer no significant competition. Its production is confined chiefly to industrial and agricultural chemicals and is not likely to affect Canadian export prospects for pharmaceutical raw materials in the foreseeable future. ●

SHOE LEATHER

M. R. M. DALE, *Trade Commissioner, Cape Town.*

SOUTH AFRICA has almost doubled its imports of all kinds of leather since 1939 and their value has increased four and a half times. Canadian exports of leather to South Africa during these nine years rose to over 550 thousand pounds worth £400 thousand.

The production of footwear in the Union has expanded steadily during the past forty years and last year 23 million pairs of leather shoes were made. The fact that the shoe-wearing population is growing—today it has reached about seven million—suggests that the industry will continue to expand; development of new export markets, particularly in other parts of Africa, will also help. Current imports are confined principally to ladies' fashion shoes and infants' shoes and represent only a fraction of the total consumption.

The following table illustrates the industry's growth.

SOUTH AFRICA'S FOOTWEAR INDUSTRY

	Consumption	Production	Imports	Exports
		('000 pairs)		
1925	4,845	3,052	1,873	80
1939	9,076	8,023	1,318	265
1945	10,102	12,560	132	2,590
1950	12,186	12,955	232	1,001
1954	16,126	15,905	442	1,521
1956	16,126	16,831	516	1,221
1957	16,564	17,384	599	1,419

The importance of the South African shoe-manufacturing industry can also be measured in terms of the work that it provides: its employees have increased from 4,000 in 1925 to over 17,000 in 1956.

Most Leather Imported

South African shoe production is based on imported leather. The Union produces only a limited range of skins and hides and the local tanning industry is protected by tariffs of only 20 per cent on cheaper

This factory in Port Elizabeth turns out women's shoes, using mainly imported leather. Canada has become particularly important as a source of patent leather, cowhide and calfskin.

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SOUTH AFRICAN IMPORTS OF LEATHER

Total Imports of All Leather

	From All Sources		From Canada	
	lb.	£	lb.	£
1939	2,679,090	774,547	8,925	3,651
1945	3,904,943	2,307,767	40,256	35,590
1950	3,090,261	2,457,787	96,201	105,106
1956	4,069,874	3,387,614	356,991	266,336
1957	3,320,317	2,582,262	580,442	401,925

Imports of Cowhide and Calfskins

	('000 lb.) (£'000.)							
Principal Sources	**1939**		**1945**		**1950**		**1957**	
	lb.	£	lb.	£	lb.	£	lb.	£
CANADA	3	1	27	29	85	96	398	276
United Kingdom	177	34	27	22	589	469	324	287
Australia	80	12	4	2	12	9	39	35
Belgium	31	13	....	....	9	17	60	82
France	22	5	....	....	42	67	74	105
Germany	94	38	....	....	25	42	288	304
Netherlands	235	108	....	....	52	86	68	83
United States	163	57	71	57	338	274	998	815
Total Imports	1,197	360	2,377	1,466	1,562	1,331	2,217	2,062

Imports of Patent Leather

	('000 lb.) (£'000.)							
Principal Sources	**1939**		**1945**		**1950**		**1957**	
	lb.	£	lb.	£	lb.	£	lb.	£
CANADA	6	2	13	6	7	6	94	88
United Kingdom	205	49	....	....	7	6	4	4
Australia	31	6	....	....	....	....	12	11
Sweden	....	....	....	....	....	....	24	13
United States	35	12	12	8	29	31	92	102
Total Imports	323	81	148	87	77	73	287	263

Imports of Welting and Randing

	('000 lb.) (£'000.)							
Principal Sources	**1939**		**1945**		**1950**		**1957**	
	lb.	£	lb.	£	lb.	£	lb.	£
CANADA	....	....	....	....	1	1	67	27
United Kingdom	....	....	21	4	72	26	48	16
Netherlands	....	....	....	....	....	....	16	7
United States	....	....	25	7	17	7	33	16
Total Imports	....	....	74	20	98	37	185	73

upper leather and 20 per cent or 6d. per pound, whichever is higher, on sole leather. Shortages of sole leather have occurred recently and some has been imported from Australia and Canada. Apart from small quantities of sole leather and side uppers, millions of feet of side leather, calf, goat, suede and lining leathers (sheep, persian, goat, kid and calf) have been imported. There is a demand also for corrected side leathers and corrected calf. The United Kingdom, United States and Germany are also important suppliers.

The accompanying table shows the total leather imported into South Africa over selected years from 1939, Canada's share for the same period, and the quantity, value and major suppliers of cowhide and calfskins, patent leather, and welting and randing.

Canada supplies some split leather but cowhides and calfskins and patent leather are our most important leather exports to South Africa. We are a traditional supplier of patent leather and rank second only to the United States. Canadian exports of patent leather and welting and randing to South Africa increased substantially in 1957.

Light Colour Are Big Sellers

Because of the long summer, light-coloured shoes are in great demand. However, black suede is an all-season seller. White was not popular in the past, but last season and this season it has been featured. Practically no printed leather is used in men's shoes except for small quantities of Martin's Scotch grain. There is little demand for white buck, patent or any type of snakeskin; fabrics are not popular and textured leathers have met with little success.

The Government places few restrictions in the way of imports for the shoe industry and the market is therefore virtually free and intensely competitive. Canadian leather is finding acceptance against competition from Germany and the United States. However, the African market requires constant attention from agents and principals alike. It is essential for exporters to visit users periodically, to study requirements and to make competitive offers if they wish to maintain consistent business.

Trade Commissioners on Tour

The following officer of the Trade Commissioner Service is on tour in Canada. His itinerary is:

C. M. FORSYTH-SMITH, Trade Commissioner in Hong Kong:

Toronto—Nov. 17-28
Windsor—Dec. 1
London—Dec. 2
Brantford—Dec. 3
Hamilton—Dec. 4
St. Catharines,
Welland—Dec. 5
Montreal—Dec. 8-19
Winnipeg—Jan. 5-6
Vancouver—Jan. 8-21

When he completes his tour Mr. Forsyth-Smith will return to his post in Hong Kong.

Businessmen who wish to see this officer should get in touch with the Board of Trade or Chamber of Commerce in the cities mentioned, with the following exceptions. In Toronto, Winnipeg and Edmonton, the Trade Commissioners make their headquarters at the offices of the Canadian Manufacturers Association; in St. John's, Ottawa and Vancouver, at the Department of Trade and Commerce; in Victoria, at the Department of Trade and Industry, and in Fredericton at the Department of Industry and Development.

Commodity Notes

Apples

UNITED KINGDOM—Dessert apple crops are estimated to total a record 13 million bushels this year and cooking varieties a record 21.8 million bushels. In 1957 the dessert crop totalled 10.8 million bushels and the cooking crop 9.5 million, the lowest for some years. Cox's Orange variety is expected to reach 4.8 million bushels compared with 3.6 million last year. The bulk of the cooking crop is of Bramleys, which are estimated to total 10.9 million bushels compared with five million last year.

Despite the plentiful supplies of home-grown apples, prices of imported supplies remain firm; some Canadian varieties are fetching up to 56 shillings a box ($7.73).

A serious outbreak of fire blight on apple and pear trees has been reported; this disease has not appeared before in Britain. At present it is confined to relatively few pear orchards and no attacks have yet been discovered on apple trees. The most susceptible pear variety appears to be Laxtons, but Conference pears have also been affected. Growers have been warned by the Extension Service of the Ministry of Agriculture to seek advice and take immediate action if the disease is discovered—London.

Cellulose

FINLAND—During the first six months of 1958 exports of cellulose rose to 575 thousand tons, from a total of 552 thousand tons for the same period in 1957—Stockholm.

Copper

CHILE—According to an official announcement, copper production from the large mining group was 253,437 tons for the first eight months of 1958 against 287,348 tons for the same period in 1957—a reduction of 13 per cent. This resulted from a miners' strike at Chuquicamata that lasted 51 days—Santiago.

AUSTRALIA—The Federal Government will pay a maximum bounty of A£45 per ton on refined copper produced and sold for use in Australia from May 19, 1958, to June 30, 1960. Because the price of Australian copper has reached £330 per ton and the world price £220, the Government has decided to assist the industry, both by tariff and by bounty. This has narrowed the gap between Australian and overseas prices and is expected to result in a bigger demand for local copper—Sydney.

Dyes and Chemicals

PAKISTAN—The Pak Dyes and Chemicals factory, another Pakistan Industrial Development Corporation project, is expected to begin operations early in 1959. This project was undertaken in partnership with a German firm. The plant is designed to produce 250 tons of congo red and 300 tons of sulphur black a year. The Pakistan Industrial Development Corporation is planning further factories to produce other dyes—Karachi.

Earthmoving Equipment

BRAZIL—Caterpillar Brasil S.A. will invest more than Cr. $1 billion to make three types of earthmoving equipment in Brazil. The factory, to be constructed in Santo Amaro, São Paulo, will turn out bulldozers, scrapers and graders using from 50 to 100 per cent Brazilian parts and materials. The first heavy equipment is expected to be in production in 18 months. Caterpillar's present parts production in Brazil amounts to 700 tons a year and is expected to increase to 1,000 tons in 1959—São Paulo.

Fish

CEYLON—The value of imports of fish and fish products into Ceylon in 1957 reached Can.$16,171,590, approximately $600 thousand more than in 1956. This increase is attributed to the rapidly growing population. Salted dried fish, dried sprats and Maldive fish were the heaviest imports. Since 1953, when total foreign purchases of fish were valued at $11.6 million, imports have been steadily rising (some $4.6 million in five years). Catches of fresh fish from

the sea, excluding trawler landings, totalled 732,345 cwt. last year, and the trawler catch 28,956 cwt.; local production of cured fish reached 149,962 cwt.

Canadian exports of fish to this market in 1957 consisted of 35 cwt. of frozen fish valued at $2,926, ten cwt. smoked ($1,268), 671 cwt. canned ($35,086) and 22 cwt. potted/preserved ($1,210)—Colombo.

GREECE—Greece's fishing fleet brought in over 75,000 tons of fish in 1957; the prewar average was approximately 30,000 tons a year. Despite the bigger catch, 1957 imports remained high, totalling 8,500 tons of fresh fish from Turkey and Morocco, 16,000 tons of cured and dried fish (cod from Greenland and Iceland, herring from the U.K. and the Netherlands), and 2,643 tons of canned fish and fish products (Portugal, Netherlands, Japan). Canada's share was one ton of pink salmon and Japan supplied 45 of the 50 tons of salmon imported—Athens.

Iron and Steel

SWEDEN—The decline in the Swedish iron industry during the last six months of 1957 has carried over into the first half of 1958. Prices and profits have continued to decrease. Output of pig iron has fallen from 752,600 to 732,000 tons, and of iron sponge from 71,700 to 63,300 tons. The production of ingot iron has decreased from 1,324,300 to 1,215,200 tons. Commercial iron and steel output, including solid materials sold to other than ironworks, has fallen from 909,600 to 801,500 tons—Stockholm.

Newsprint

NEW ZEALAND—The output of the newsprint machine at the Tasman Pulp and Paper Company Limited is very satisfactory and proposals are being considered to increase production to 90,000 long tons per year, or 20 per cent above rated capacity. The company plans to double its output and a second newsprint machine will be installed shortly. Radiata pine has been found more suitable for newsprint than was originally expected—Wellington.

Oil

IRAN—Recently released Consortium figures show that Iran produced 3.6 million tons of crude oil in August. Output for the first eight months of 1958 has totalled 26.24 million tons. Throughput at the huge Abadan refinery was 1.37 million tons in August and 10.1 million up to August 31, 1958—Karachi.

Paper

KENYA—It is reported that the Danish Columbus Group is building a £250 thonsand paper mill at Thika, near Nairobi. The mill was assembled in Denmark, taken down, and sent to Kenya. All machinery is being supplied by the Columbus group in Denmark.

Initial production will be ten tons of wrapping paper or cardboard a day. It is expected that the mill will start producing this month and will supply the paper and cardboard-box companies at Mombasa, the Kenya box factory and the Viking sack factory. The new plant forms the centre of a vast complex. Eventually, various mills, which will turn out cement sacks and corrugated cardboard boxes, will be supplied—Leopoldville.

Pneumatic Equipment

SWEDEN—AB Atlas Copco has signed a contract with an Italian firm for the delivery of all pneumatic equipment required for the tunnel to be built through Mont Blanc, between France and Italy—Stockholm.

Potatoes

UNITED KINGDOM—The British Government has expressed concern that potato prices have soared so high this early in the season. Some difficulties are anticipated because of the low yield and heavy incidence of blight; the situation has been further aggravated by bad weather which has impeded harvesting. The Government states that it is keeping a close watch on the situation and will grant import licences if necessary. In recent weeks prices have been around £30 ($82.80) per long ton, with retail prices at 5d. per lb. (6 cents), ld. more than at the same time last year—London.

Steel

BRAZIL—It is estimated that by 1960 Brazil will need 2.4 million tons of steel a year. At present the automobile industry uses 350 thousand tons of steel products each year; another 100 thousand will have to be supplied to the shipbuilding industry, scheduled to get under way within the next two years. A further 100 thousand tons will be needed to build agricultural silos and tanks, and to supply the petroleum industry. Moreover, the general market needs 120 thousand tons of heavy steel plate, plus 250 thousand tons of thin steel plate and other types of steel. To fill this demand it will be necessary to expand existing mills and create others—Rio de Janeiro.

Sugar

BRAZIL—Output of sugar has almost doubled in ten years: in 1948 the country produced 23.5 million bags and in 1957, 45.2 million. The president of the Sugar and Alcohol Institute states that the 1958-59 crop should be about 48 million bags, of which 36

million will be for home consumption and 12 million for export; Brazil can expect a revenue of approximately $70 million from this export—São Paulo.

Synthetic Fuel

AUSTRALIA—Australia has no known petroleum deposits, but at least a portion of the two billion gallons of liquid fuel consumed in this country every year is to be derived in the future from the vast brown coal deposits near Melbourne. Australia's first synthetic fuel plant is to be built in 1962 and will produce 70 to 80 million gallons a year—Melbourne.

Timber

NEW ZEALAND—Total imports of timber into New Zealand in 1957 rose to 63.4 million board feet, the largest since 1930. This compares with 49 million board feet in 1956 and an average postwar level of about 40 million board feet. The principal reason for the large increase was greater purchases of Australian hardwoods. Only in 1925 and 1926 did imports of these hardwoods exceed the 35 million board feet bought in 1957.

Imports from other countries were also high in 1957. Douglas fir, redwood and cedar from North America totalled 19.5 million board feet, against 13.1 million in 1956. Malayan hardwoods climbed to 5.1 million board feet, from 4.4 million in 1956. Japanese oak for furniture timbers came to 3.7 million board feet, compared with 3.3 million in 1956. Douglas fir and Western red cedar from Canada also rose substantially from the 1956 level—Wellington.

Tires

BRAZIL—The formation of B.F. Goodrich do Brasil S.A. has been announced in Akron, Ohio, by the President of International B.F. Goodrich Co. The company will install a large tire plant in Campinas, São Paulo—São Paulo.

Tires and Tubes

IRAN—A leading United States firm plans to establish the first tire and tube factory in Iran; it is expected to produce 100 thousand units a year. From March 21, 1956, to March 20, 1957, imports of tires and tubes for motor vehicles totalled almost $7 million and $1.1 million, respectively. United States exporters have a commanding lead, particularly in sales of heavy-duty tires necessary for the buses and trucks that ply Persia's bad roads. The U.S. supplied 75 per cent of the tires and over 50 per cent of the tubes imported in the year ended March 20, 1957. The United Kingdom, Germany, Japan and France are other major suppliers—Karachi.

Trade and Commerce Moves

THE next time you visit us you will find us in this new building on the south side of Wellington Street, directly across from our old home in No. 1 Temporary Building. The department had been looking forward to moving into more spacious quarters, and we expected to do it in an orderly way about the middle of this month. But the shocking explosion in uptown Ottawa on October 25 forced us to begin the move overnight so that the government departments forced out of the shattered Jackson Building could be housed in No. 1 Temporary Building. It was a crash program. However, we are settled and back in business now.

As a general guide, you will find the various branches of Trade and Commerce on these floors: *fifth floor*—Minister, Deputy Minister, Associate Deputy Minister, Assistant Deputy Minister (Trade Policy), Industrial Development, Trade Publicity; *fourth floor*—Assistant Deputy Minister (Trade Promotion), International Trade Relations, Trade Commissioner Service; *third floor*—Administration, Agriculture and Fisheries, Commodities, Small Business, Trade Fairs Abroad; *second floor*—Economics, International Economic and Technical Co-operation (Colombo Plan); *first floor*—Energy Studies. Two branches have not moved. The administrative offices of the Standards Branch are still in the West Block (later they will join their laboratory staff in a building at Tunney's Pasture), and the Exhibition Commission will remain at 479 Bank Street for some time. The department's mail address is: Trade and Commerce Building, Wellington Street, Ottawa. For telephone numbers, see the Head Office Directory on page 29.

Brazil Exploits Its Iron Ore

Plans to increase exports from its great iron ore reserves are going forward in Brazil. Allied improvements in transportation and handling facilities mean opportunities for selling capital equipment, if the continuing dollar shortage can be surmounted.

VINCENT L. CHAPIN,
Commercial Counsellor, Rio de Janeiro.

BRAZIL has the largest iron ore reserves in the world. Not only are they the largest but a substantial portion of the ore body consists of pure iron ore—that is, the iron content is 68 per cent or higher. In 1954 a UN technical group estimated world reserves of iron ore at 85 billion metric tons with an iron content of 42 billion tons, and set the volume of Brazil's reserves at 15 per cent of the total. Recently this figure has been revised upwards to 37 per cent. The revision is based on more detailed studies by the U.S. Geological Survey of the volume of ore contained in Brazil's fabulous "Iron Rectangle" located in the center of the State of Minas Gerais. These studies indicated that the Rectangle has approximately 32 billion tons of ore.

Notwithstanding this great reserve, Brazil at present is neither an important producer of steel nor exporter of iron ore. Annual steel production currently totals about 1.5 million tons and iron ore exports in 1957 reached 2.7 million—about 1 per cent of total world consumption (Canada bought some 296 thousand tons last year.) Brazil's problem, therefore, is to establish a position in the world iron ore market commensurate with the volume of domestic reserves. The Brazilian Government is acutely conscious of this problem and plans have been drawn up to increase exports from three to six million tons in two to three years, followed over the long term by exports rising progressively to 8 million, 10 million and 20 million tons a year.

Assessing Future Markets

The approach of the Brazilian authorities to the problem of increasing iron ore exports is one of hard realism. In delimiting both the present world market for Brazilian-type iron ore and the estimated market in 1957, they reason as follows. Based on present world ingot production of 220 million tons, iron ore consumption of all types amounts to approximately 304 million tons. Projected figures for 1975 are: ingot production 370 million tons and ore consumption 400 million tons.

It is recognized, however, that the market in both North America and Western Europe is, so far as Brazil is concerned, limited to iron ore of the highest metal content. This is particularly true of the short run. Annual consumption of this type of ore (which is consumed directly in the steelmaking process) is currently reckoned at 14 million tons and the estimated consumption in 1975 is set at 25 million.

In considering the international competition in supplying the existing and future demand for high-grade iron ore, Brazil is aware that there is more involved in winning a share of the market than a straight competitive fight with other countries. There is, for example, the question of "captive" mines—that is, mines either at home or abroad controlled and operated by the steel manufacturers who consume in their own mills the ore that they produce. The existence of such mines, particularly those located abroad, makes international competition for this commodity less unrestricted than would otherwise be the case. It is recognized that high-grade ore from so-called captive mines in Chile and Venezuela controlled by U.S. steel interests will be more readily imported into the U.S. than similar ore from Brazil where, as a matter of government policy, captive mines are unacceptable.

Substitutes Also a Problem

Brazil also recognizes that there are synthetic substitutes for high-grade ore, such as concentrates made in the form of pellets, sinters, blocks, etc., which make competition more difficult. Moreover, high-grade iron ore is a direct substitute for such iron in the Martin Siemen's steelmaking process and accordingly the volume of ore consumed in any one year is directly related to the supply on international markets of scrap iron and steel. Considering all these factors, however, it is estimated that Brazil could, given certain conditions, increase the present volume of high-grade ore exports from three to six million tons within a period of two to three years. By 1975 Brazilian authorities foresee the possibility of Brazil being able to capture eight million to ten million tons of the estimated 25-million-ton demand for high-grade ore.

If Brazil is to achieve this objective, it must improve handling and transportation facilities, both inland and at the ports. Minas Gerais, the state that contains the Iron Rectangle, is by Canadian standards relatively near the Atlantic Ocean and separated from it only by the narrow coastal states of Rio de Janeiro and Espirito Santo. At present, more than 95 per cent of all iron ore exports are made by the government-controlled Companhia Vale do Rio Doce (CVRD), whose main mines are located at Itabira, in the center of the rectangle some 186 miles from Victoria, the port of embarkation in the state of Espirito Santo. These mines are in fact mountains of almost pure iron ore which are being systematically cut away on a 24-hour basis. After grading, the ore is shipped over a single-track line to the port where only ships under 10,000 tons can be accommodated.

Accordingly, it is transportation and handling conditions rather than a lack of international demand that currently limits Brazilian iron ore exports to three million tons a year. For the time being at least, this figure represents maximum Brazilian capacity to export—a fact that explains why studies by the OEEC and other international organizations of future iron-ore consumption fail to show Brazilian exports as exceeding three million tons a year.

Thus the problem of increasing exports is directly related to investment in handling equipment, railway lines and locomotives, and increased port facilities, all of which, in addition to increasing Brazil's physical capacity to export, will facilitate exports by reducing cost. There are at present four plans designed to tackle these problems.

Four Plans Discussed

Plan One, known as the Vale do Rio Doce plan, provides for a total investment in the present Vale do Rio Doce system equivalent to $28 million. The funds are to be used to install heavier track from the ore fields to the port and to buy diesel locomotives and other equipment. It is calculated that this investment will permit an increase in Vale do Rio Doce exports from three to six million tons a year. This plan is now being carried out and some of the rail required is being supplied by a Canadian steel producer.

Plan Two, known as the Central Railway Plan, provides for the establishment of an adequate railway system between the ore fields and the port of Rio de Janeiro, where modern ore-loading facilities must be installed. Total investment in Plan Two is estimated at $14,600,000; the major expenditures are $6,500,000 for locomotives and $5,000,000 for loading and unloading equipment. This plan, like Plan One, is already under way and completion will increase ore exports by 1.5 million tons.

Plan Three, known as the Paraopeba-Angra dos Reis Plan, provides for an additional railway system for moving ore from the ore fields to the coast. In this plan provision is made for a new railway line from the Rectangle to the port of Angra dos Reis, just south of Rio de Janeiro. Total investment, estimated at $97 million, is calculated to yield annual ore exports of three million tons a year after four years, with a general average thereafter of five million. In addition, however, the plan envisages an annual export over this new rail system as high as 20 million tons after twenty years.

Plan Four, known as the 20/30-million-ton plan of the Vale do Rio Doce and associate companies, is a two-phase one concerned with the export of the "fines" accumulated in the Vale do Rio Doce process and is scheduled to begin immediately it is demonstrated that export of this material is economically feasible. The second phase envisages the establishment of a new company in which Vale do Rio Doce will be the principal participant, in association with other national or foreign mining organizations. This new entity will have as its objective the accumulation of sufficient capital to transform the present Vale do Rio Doce system into an organization capable of increasing export capacity from the proposed 6 million to 20 million tons a year. Long-term investment in Plan Four is estimated at approximately $240 million.

Foreign Investment Needed

Such, generally, is the outline of Brazilian plans for increased iron ore exports. A word should be added on the foreign exchange aspect of the problem. Total investment in the four plans mentioned above is $379,600,000—such a large sum that it cannot be realized from Brazilian resources and foreign participation, but not foreign domination, will be welcomed. Subject only to a major change in policy, Brazil will continue to reject the "captive mines" principle and insist that control over new projects in which there is foreign participation remain in Brazilian hands. This is a point to be borne in mind by Canadian investors who may contemplate participation in this iron ore development program.

The final point worth mentioning is that, in the present period of exchange difficulties, Brazilian authorities would welcome a financial arrangement which would provide for an exchange of iron ore against urgently needed capital equipment. At present there is a strong demand for steel rails, cold rolled sheet, and tinplate for both the ore expansion program and for the fast-developing automotive industry. Unfortunately from the Brazilian point of view, the foreign exchange position of the country at the moment—particularly in dollar exchange—is such that increased purchases can only be made against greater exports of one type or another of Brazilian goods. This factor must be considered by prospective exporters of several types of capital equipment. •

Canada's 1959 Trade-Fair Program

GEORGE HAZEN,
Secretary, Trade Fairs Advisory Committee.

EVERY year the Department of Trade and Commerce participates in a number of general trade fairs and specialized trade shows to give Canadian exporters an opportunity of displaying their products in the bailiwick of the foreign buyer. Many firms are finding that this service offers them an excellent entrée to a previously unexplored market, or gives useful publicity to products already being sold there. It also serves to acquaint other firms with the usefulness of trade fairs as a means of export sales promotion.

How to Participate

If a firm is interested in exhibiting, it should apply to the Department for particulars as soon as possible. The organization of many of the exhibits planned for the early part of 1959 is well advanced and it is becoming more and more difficult to make any changes in the design by including new products and new participants.

The Department welcomes participation in fairs by companies that have not exhibited before. An interested company which has previously been in touch with a commodity officer of the Department should contact that officer, indicating the fairs it would like to enter or at least the markets in which it wishes to sell. Some information on the products it would like to exhibit should also be provided.

When the company has not had previous contact with a commodity officer, it should send its inquiry to the Liaison Officer for Trade Fairs, Department of Trade and Commerce, Ottawa. Wherever the inquiry goes, the commodity officer who handles these products will send details about the fairs in which the company is interested. He will comment on the fairs themselves and the markets, and advise on which products it might be most worthwhile to show. Usually somewhat later, he will tell the firm whether it can be accommodated in the exhibit and give the date that samples for display should arrive in Ottawa.

Generally speaking, the Department pays the expenses of participation in an exhibit. The cost of space, of building the display, of shipping it abroad and erecting it, and of dismantling it and returning it to Canada are borne by the Canadian Government Exhibition Commission. The exhibiting firm is, of course, responsible for supplying products for the display, for shipping them to the Exhibition Commission in Ottawa before the fair and to its plant from Ottawa after, and for insuring the goods against loss or damage.

How Program Is Developed

The Department's trade-fair program is developed by carefully considering what products we wish to sell in a particular market and then choosing a fair that meets our needs. To do this, the Department obtains recommendations from its trade commissioners abroad and from commodity officers in Ottawa who specialize in various commodity fields. After considerable research and statistical study, a departmental committee, in co-operation with various industry associations, sets up a program for trade-fair participation in the coming year.

Early in the planning stages for each fair, a co-ordinator is appointed. It is his responsibility to handle the detailed work involved in drawing together firms and products for the display, to assist the Exhibition Commission designers with technical details, and to compile a catalogue of the literature supplied by each exhibitor. The co-ordinator is usually a commodity officer who is well acquainted with many of the products to be shown. Correspondence about specific fairs should be directed to the co-ordinator for each.

The Department's 1959 trade-fair program is outlined on the following pages, with a brief description of the type of exhibit it is proposed to organize for each.

Canadian Trade Fair, Kingston, Jamaica, January 16-25, 1959.

An all-Canadian Trade Fair sponsored by the Department of Trade and Commerce. Exhibitors of all types of goods that may be sold in the West Indies may purchase space.

Co-ordinator: D. G. W. Douglas, Chief, Consumer Goods Division.

National Association of Home Builders Convention, Chicago, Illinois, January 18-22, 1959.

An exhibit of Canadian wood products for home building and industrial use. Various end-products will be shown to illustrate the use of the primary materials. This exhibit will be done on an institutional basis.

Co-ordinator: J. C. Dunn, Chief, Forest Products Division.

National Sporting Goods Association Convention, Chicago, Illinois, February 1-5, 1959.

Sporting goods and sportswear for the United States market. Participants in the Canadian exhibit must become members of the National Sporting Goods Association. This can be arranged by the co-ordinator.

Co-ordinator: P. G. Jones, Consumer Goods Division.

Canadian Trade Fair, Port-of-Spain, Trinidad, February 20-March 1, 1959.

Same as the Kingston event.

Co-ordinator: D. G. W. Douglas, Chief, Consumer Goods Division.

Rand Easter Show, Johannesburg, South Africa, March 17-30, 1959.

A cross-section of Canadian production, with the emphasis on specialized industrial equipment.

Co-ordinator: G. W. Rahm, Metals and Minerals Division.

International Samples Fair, Milan, Italy, April 12-27, 1959.

Canada as a supplier of primary and semi-processed materials and as a partner of Italy in NATO. Jointly sponsored by the Departments of Trade and Commerce and External Affairs.

Co-ordinator: Liaison Officer for Trade Fairs.

Frankfurt Fur Fair, Frankfurt-am-Main, Germany, April 1959.

Canadian raw fur pelts, dressed pelts, and finished fur garments, in both a static exhibit and a fashion show.

Co-ordinator: G. E. Woollam, Chief, Food and Agriculture Division.

Fur Salon Displays and Fashion Shows, London, Paris, Brussels, Frankfurt, and Vienna, March and April 1959.

Displays of fur pelts, raw and dressed, and finished fur garments in a static salon display directed specifically to importers and manufacturers. The garments will be displayed at fashion shows and will demonstrate the various uses of Canadian fur pelts.

Co-ordinator: G. E. Woollam, Chief, Food and Agriculture Division.

Canadian Trade Fair, Boston, Massachusetts, April 19-25, 1959.

A general trade exhibit and information center. Product classifications are: sporting goods; pleasure watercraft; sporting and other garments; handicrafts and gifts; leather, leather products, and furs; wood products and wallpaper; processed foodstuffs; beverages; industrial raw materials; industrial machinery. The Information Center will be manned by officials of the Departments of Trade and Commerce, External Affairs, and Citizenship and Immigration, and by industrial development and tourist officials of various provincial governments.

Co-ordinator (General): Liaison Officer for Trade Fairs.

Co-ordinator (Commodities): P. E. Jensen, Consumer Goods Division.

Co-ordinator (Provinces): W. M. Hall, Industrial Development Branch.

Brussels International Trade Fair, Brussels, Belgium, April 30-May 11, 1959.

A Canadian Government trade information center.

Co-ordinator: Liaison Officer for Trade Fairs.

Popular Price Shoe Show, New York, New York, May 3-7, 1959.

A specialized exhibit of popular-priced shoes and slippers.

Co-ordinator: W. L. Herman, Consumer Goods Division.

Tokyo International Trade Fair, Tokyo, Japan, May 5-22, 1959.

A demonstration of general Canadian production with the emphasis on primary and semi-processed materials. The exhibit will also be aimed at visitors from the South East Asian countries.

Co-ordinator: G. A. Ferguson, Chemicals Division.

Design Engineering Show, Philadelphia, Pennsylvania, May 25-28, 1959.

A display of manufacturing and processing equipment and of components for machinery. Most products shown will be unique and of original Canadian design.

Co-ordinator: F. T. Carten, Engineering and Equipment Division.

International Food Exposition, Lausanne, Switzerland, June 13-28, 1959.

An exhibit of Canadian food products. The attendance will be international and goods displayed will not be restricted to those that can be sold to Switzerland only.

Co-ordinator: W. F. Hillhouse, Grain Division.

Building Trades and Public Works Exhibition, Liverpool, England, July 6-11, 1959.

Canadian building products: lumber, wallboard, finishing woods, fasteners, and related commodities.

Co-ordinator: J. C. Dunn, Chief, Forest Products Division.

International Specialty Food and Confection Show, Chicago, Illinois, June 1959.

An exhibit of Canadian specialty foodstuffs.

Co-ordinator: G. E. Woollam, Chief, Food and Agriculture Division.

Sydney Industries Fair, Sydney, Australia, July 17-25, 1959.

A general picture of Canadian production, with the emphasis on goods for which import licences are granted. Forest products will be featured.

Co-ordinator: E. J. Ward, Forest Products Division.

Royal Salisbury Show, Salisbury, Southern Rhodesia, August 1959.

An exhibit chiefly of manufactured goods that can be exported to the Federation of Rhodesia and Nyasaland under existing import controls. It will be drawn largely from goods exhibited at the Rand Easter Show five months earlier.

Co-ordinator: G. W. Rahm, Metals and Minerals Division.

Frankfurt International Autumn Fair, Frankfurt-am-Main, Germany, August 30-September 3, 1959.

Canadian consumer goods and food products for export to Germany, coupled with a message on industrial development.

Co-ordinator: D. G. W. Douglas, Chief, Consumer Goods Division.

St. Erik's Fair, Stockholm, Sweden, September 1959.

An exhibit depicting general Canadian production, with the emphasis on food products and certain consumer goods. Opportunities in Canada for the establishment of branch plants and production of foreign goods under licence will be promoted.

Co-ordinator: Liaison Officer for Trade Fairs.

ANUGA, Cologne, Germany, September 26-October 4, 1959.

Canadian food products: canned fruits and vegetables, jams and jellies, beverages, maple products, canned fish, and others.

Co-ordinator: G. E. Woollam, Chief, Food and Agriculture Division.

Latin America—a Trade Fair in either Bogotá or Lima, October 1959.

A general exhibit of Canadian goods that can be sold under existing import regulations, with the emphasis on those that will assist economic development in Latin America.

Co-ordinator: C. J. MacCallum, Chemicals Division.

Building Trades Exhibition, London, England, October 1959.

Canadian building products for the United Kingdom markets: lumber, finishing woods, wallboard, construction forms, certain lines of hardware, and related items used in the building trades.

Co-ordinator: M. N. Murphy, Forest Products Division.

Japanese Farmers Raise Their Output

A bumper rice crop this year will enable Japan to cut down on rice imports and strengthen her balance-of-payments position. Canadian cereal sales to Japan will probably hold up well, but bigger Japanese fruit crops may mean stiff competition in world markets for Canadian growers.

R. G. WOOLHAM,
Assistant Commercial Secretary, Tokyo.

JAPAN'S wheat, barley and rye crops were slightly below average again this year, but rice production seems to be heading for an all-time record. This has prompted a sharp reduction in the import budget for rice during the next fiscal year, a move which will probably save Japan nearly $100 million in foreign exchange.

Despite the lower yields of other cereals, the budget for wheat and barley imports has also been cut slightly. During the first eight months of this year, Canada has sold Japan over 27 million bushels of wheat and about six million bushels of barley; we now supply 46 per cent of the wheat and 9 per cent of the barley going into Japan from foreign countries.

Canadian Grain in Demand

Long-term market prospects for Canadian cereals continue to be promising; growing population, wider acceptance of wheat products, and new uses are contributing factors. In addition, growers are shifting more and more from the less profitable cereals to tree fruits, vegetables and livestock. Farmers raising livestock are faced with the problem of obtaining enough low-cost feed and have developed a new interest in the cheaper imported product. The possibility of selling lower grades of Canadian wheat for feed and for bran production has been investigated and so has the use of barley for feed. (Up to now, barley has not been used for livestock feed but has been processed to make a rice substitute for human consumption in times of rice shortage.) Canadian wheat is also used for making soy sauce, which appears at almost every Japanese meal. In fact, just as much wheat as soybean is used for this purpose.

Japan's Cereal Crops

In Japan, wheat and barley are the most important winter crops; they are grown mostly on upland fields in the north and alternately with rice on the paddy fields in central and south Japan. Twenty per cent of the planted area is given over to these two cereals. Japanese wheat is soft and is consumed chiefly in the form of noodles; domestically-grown barley is either processed as a rice substitute or used by the malting industry. Other grains grown include maize, oats, rye and millet, but these are far less important, representing only 4 per cent of the total cultivated area.

Rice growing is the largest single farm enterprise in Japan. Of the 19.8 million acres of land under cultiva-

A field of pyrethrum growing in Japan and, in the background, the carefully terraced small fields characteristic of Japanese farming, in which every smallest bit of arable land is prized.

tion, about 7.6 million (38 per cent) is planted to rice, which accounts for approximately 45 per cent of the total farm income. This year's bumper rice crop resulted partly from good growing conditions. In addition, better cultivation techniques, instituted since the war, have contributed to bigger yields in the past few years. These techniques include the introduction of higher-yielding and earlier-maturing varieties of rice, increased application of fertilizers, and growing use of machinery. Mechanization covers principally the use of low-powered garden-type implements in the pre-seeding and harvesting periods, though some portable power sprayers are employed during the growing season.

There is a large amount of unpaid family labour not only in rice cultivation but in all phases of agriculture. Sixty-five per cent of the farmers, or about four million farm households averaging slightly over six persons each, try to wrest a living from two acres or less. In most cases, farm income is too low to support the family completely and part-time employment is necessary. Younger men have the best opportunity to get outside employment and because of this, much of the farm management is left in the hands of women and older persons. This has tended to impede advances in farm-management techniques.

Oilseeds Needed

The production of rapeseed and mustardseed declined this year, partly because of frost damage last spring and a decrease in acreage paralleling depressed domestic prices. In Japan, edible oil is derived mainly from these two and also, to a less significant extent, from rice hulls.

The import budget for soybeans has been curtailed somewhat during the next period; the reasons given are decreased demand and mounting stocks. Soybeans are Japan's biggest oilseed import; they come chiefly from the United States and Mainland China. During the past year, China was dropped as a source of supply, though she still grows the best-quality beans for edible bean paste (a popular ingredient in a Japanese food known as "Tofu").

The competitive position of U.S. soybeans has to some extent reduced the attractiveness of importing other types of oilseeds. Canada sold $12.7 million worth of oilseeds to Japan in 1957, however, and in the seven months ended July 1958 sales totalled about $5 million.

More Fruit Grown

Fruit production—especially apples, pears and peaches—has increased rapidly during the last few years. This year has been a particularly good one for apples and peaches and it is likely that more Japanese canned apples, peaches and pears will appear on export markets. Because of declining returns from cereal crops—the result of lower government-guaranteed prices and higher production costs—many farmers have turned to fruit growing. The Government has encouraged this change though it has resulted in domestic surpluses and has created new marketing and farm-income difficulties. The tables above show the growth of the apple industry and the disposition of canned fruit products.

JAPANESE APPLE PRODUCTION

	(acres)	(metric tons)
1952	88,900	548,870
1953	98,600	475,890
1954	104,000	449,060
1955	116,000	390,020
1956	125,000	750,070
1957	135,000	891,369

JAPANESE CANNED FRUIT EXPORTS

Apples	**1957** ('000 lb.)
United States	805.0
CANADA	368.0
Hawaii	121.0
Netherlands	55.0
Okinawa	52.9
Ireland	36.7
West Germany	11.2
Middle East	3.5
Egypt	3.0
Total	1,456.3

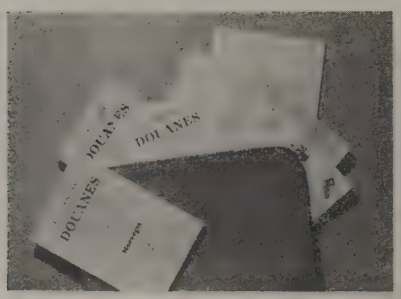
	Jan.-June 1958	**Jan.-Dec. 1957**
Peaches	('000 lb.)	
United Kingdom	500.0	13,100.0
Belgium	57.8	147.0
Sweden	50.5	145.0
Aden	41.4	298.0
Saudi Arabia	25.8	83.5
Netherlands	.....	309.0
Switzerland	.....	369.0
Total	675.5	14,451.5
Pears		
Sweden	368.0	266.0
Ireland	82.4	126.0
Aden	79.9	67.9
Netherlands	22.9	38.3
West Germany	66.7	89.4
Philippines	.....	359.0
Burma	.....	22.2
Italy	.....	44.9
Republic of Sudan	.....	61.6
Total	619.9	1,075.3
Mandarin Oranges		
United Kingdom	42,800.0	67,000.0
United States	11,250.0	15,650.0
West Germany	5,410.0	7,810.0
CANADA	2,200.0	2,230.0*
Netherlands	2,180.0	2,540.0
Sweden	1,770.0	1,180.0
Total	65,610.0	96,410.0

* plus 23,200,000 lb. fresh mandarin oranges.

Australia and Mainland China have gained a larger share of the Japanese market for hides and skins during the first six months of 1958, compared with the same period in 1957. Canada's share, on the other hand, has declined during the same period; exports of cattle hides have dropped but sales of cow kip have remained about the same. Some importers say that Japanese traders have had more experience and are more familiar with the quality of U.S. and Australian hides than with Canadian. Canadian skins, they say, would have greater sales appeal in Japan if "take-off" methods were improved and fewer nicks and cuts incurred in the process. The Japanese import budget for hides and skins from all sources has been slightly reduced for the October 1958-March 1959 period.

JAPANESE IMPORTS OF HIDES AND SKINS

	Jan.-June 1958	Jan.-June 1957	Jan.-Dec. 1957
		(in tons)	
Cattle Hides			
United States	20,046	20,940	41,893
Australia	1,344	712	1,918
Mainland China	1,182	377	6,441
Thailand	1,042	1,364	2,412
CANADA	466	1,235	1,834
Total	24,080	24,628	54,498
Cow Kip			
United States	2,349	4,111	6,754
Australia	1,033	63	472
CANADA	301	279	614
Total	3,683	4,453	7,840



Trade and Tariff Regulations

Guatemala

REVISED MARKING REQUIREMENTS—A Guatemalan Customs Circular of October 18 provides that when imports are covered by a certificate of origin, this document will be sufficient to establish the country of origin. Accordingly, stamping of country of origin will not be required for such imports.

India

IMPORT CONTROL—A cable just received from our Commercial Counsellor in New Delhi advises that the Indian Government announced on November 1 the import trade control policy for October 1958 to March 1959.

The new policy has been designed to maintain imports on commercial account at about the same level as the last half-year licensing period. Some slight relaxations have been made to meet the raw material requirements of certain industries. Assistance to export industries will continue; importing textile mills and handloom co-operatives will be allowed to import requirements of dyes and chemicals. Licences will be granted to mills for importing machinery for modernization if satisfactory deferred payments can be arranged. Licences for imports of capital goods are generally issued only for approved cases where the value of the imported plant and machinery is covered by long-term overseas investment or where it can be demonstrated that the terms of payment are such that it will be possible to finance them out of the saving in foreign exchange which the project will achieve.

Quotas have been increased mainly for certain tools, chemicals, spare parts for earthmoving equipment, refrigeration and air-conditioning machinery. Small quotas have been established for packing and wrapping paper, artificial silk yarn, and sheet and plate glass. Imports of milk foods for infants, printing paper, timepieces, X-ray film and photographic goods have been liberalized.

The quotas have been reduced on ball bearings, electric motor starters, certain chemicals, twist drills and certain other engineering items. Quotas for non-ferrous virgin metals have been abolished but it is intended that adequate supplies will be maintained by licensing actual users in scheduled and non-scheduled industries.

Quotas for non-ferrous scrap have also been provided for established importers and applications from actual users for the following items will now be

considered: boiler tubes, iron and steel castings, copper perforated sheets, copper tubes, zinc and tin blocks and scrap, brass perforated sheets, aluminum in any crude form, hosiery needles, and industrial sewing machines.

The import policy for newsprint remains unchanged.

Detailed information regarding licensing regulations pertaining to specific commodities may be obtained from the International Trade Relations Branch.

New Zealand

IMPORT CONTROLS—The Minister of Customs for New Zealand recently announced the import control policy for 1959. The new policy involves some intensification of import restrictions as they apply to all countries and a further substantial reduction of discrimination in the licensing of goods from the dollar area.

The main features of the new licensing system are:

1. The abolition of the "A" category of the 1958 schedule which permitted licences to be granted up to the amount applied for. Most of the goods previously classed as "A", however, have been placed in the higher categories in the 1959 schedule.

2. The re-introduction of global licences on a far greater scale than ever before. Quotas established for goods in this category will be allocated either on the basis of licences issued for a particular year or on imports made during a particular base year. In computing allocations for these goods, base-year imports or licences for all countries may be grouped for quota purposes. All licences issued for goods in this category may be used for imports from any country in the world.

Included in this category are certain chemicals and drugs, metallic elements, adding and computing machines, cash registers, typewriters, weed killers, druggists' and medicinal preparations, leather gloves and mittens, printing and writing paper, wrapping paper, various agricultural implements, dry paints and colours, manila paper and kraft paper.

3. The provision of a "C" category to cover items the applications for which will be considered individually. Licences for goods marked "C" in the schedule may be employed on a global basis.

4. The maintenance of a "D" category which, as in past years, includes items for which no allocation will be made except in most exceptional circumstances.

In the original schedule some 40 items were designated as being subject to "M" licensing treatment. It was intended that licences for these goods would be available only for imports from non-dollar countries. The list included items important to Canada, such as canned salmon, timber, patent leather, textile piecegoods, emery paper, wallpaper, asbestos fiber and synthetic woven fabrics. Subsequently, however, the Minister of Customs issued a statement indicating that while the "M" category is being retained in the schedule, allocations for goods in this group from the dollar area will be made on the same basis as applies to non-dollar licences for the same goods. This means that if any item appears in the licensing schedule as "M-100 per cent 1958 Licences" the allocation for imports from Canada, for example, would be 100 per cent of the value of the 1958 licences issued for imports of the same goods from Canada. In other words, licences for goods in the "M" category will be issued against a quota only for the currency area for which the quota is established.

Information concerning the licensing treatment to be accorded to specific commodities may be obtained from the International Trade Relations Branch of the Department.

Portuguese India

NEW EXCHANGE REGULATIONS—The Government of Portugal has announced a new measure of monetary reform for Portuguese India which will become effective January 1, 1959. Hitherto, the monetary unit in Portuguese India has been the rupee divided into annas and pice. The new monetary unit will be the escudo, the value of which will be the same as the Portuguese escudo which is approximately equal to 3.4 Canadian cents. The escudo is divided into 100 centavos. The basis of the conversion to the new monetary unit will be at the rate of six escudos to one rupee. The present currency will remain in circulation while the changeover is being made. The new currency will be the legal tender of Portuguese India and its export will be prohibited.

IFC's Second Birthday

Loans to private enterprise from the two-year-old International Finance Corporation during the past year reached some $6 million, according to the corporation's annual report issued recently. From September 1957 to September 1958, the growing young enterprise entered into seven new commitments, which brought the number of such loans to eleven, and the total value to more than $10 million. In addition, the corporation last year enrolled four new members—Afghanistan, Ghana, Greece and Malaya—bringing its membership now to 55 and subscriptions to over $93 million. It also received 235 new proposals for loans.

Businessman's Bookshelf

Business Visitor to Britain. Autumn/Winter 1958

British Travel Association. 54 pages. Free.

THIS smart-looking new magazine, to be issued twice a year by the British Travel Association, is specifically designed to aid the businessman in planning a trip to the U.K. However, it also has the virtue of conveying a good impression of the scope, vitality, and modernity of British industrial enterprise. By doing so, of course, the magazine suggests to the businessman that he must come to Britain and it helps him on his way with detailed information on trade fairs, exhibitions and conferences occurring in the near future; a guide to Britain's main industrial areas, and a series of practical tips on travelling in the Old Country. The whole is rounded off by articles on shopping, theatre-going, and dining in the United Kingdom for those who are combining pleasure with business.

Despite the pleasant appearance of the magazine and its general usefulness, certain things seem to be missing. There is nothing to tell the businessman what type of British hotel accommodation would be best for him. Then, too, the businessman surely needs information on customs and passport procedure and currency problems. All in all, however, the magazine is seeking to play a useful role.

Order from: The British Travel Association, 90 Adelaide Street West, Toronto, Ontario.

Canada 1958

Dominion Bureau of Statistics. 323 pages. $1.00.

FRESH off the press is the latest edition of the *Canada Handbook*, "the official handbook of present conditions and recent progress" published by the Dominion Bureau of Statistics. For the businessman there are excellent short chapters covering every aspect of our economic life. The latest developments in the resource industries, manufacturing, foreign trade, the domestic market, and capital investment are concisely reviewed. Many sections include neatly written historical introductions which give the reader some perspective on the subject he is interested in. The chapters on the Canadian fisheries and foreign trade are both good in this respect.

Much of the ground covered really refers to conditions in 1957, and the statistics are not on a uniform basis. For example, the figures given on manufacturing cover 1955 and the opening paragraphs of the article on foreign trade give 1956 data.

The format is pleasant, many of the illustrations are excellent and the publication is certainly the best reference book on Canada for the price.

Order from: The Queen's Printer, Government Printing Bureau, Ottawa.

Uganda 1957

Government of Uganda. 166 pages. $1.88 postpaid.

THIS report by the Information Department of the Uganda Government is both thorough and readable and gives valuable information on the natural resources, industry and trade of this British Protectorate.

The year 1957 showed stability in imports and a noticeable increase in exports. The most interesting development in the import picture was Japan's move into second place as a supplier, after the United Kingdom, as a result of large sales of cheap rayon. West Germany was in third position.

Coffee again led Uganda's exports, followed by cotton, copper and tea. The United Kingdom was the largest market, followed by the United States, West Germany and India. Canadian sales to this East African country in the first nine months of 1957 totalled £37,346 and our purchases from Uganda reached £361,732.

The report is cleanly printed with a number of excellent photographs and a fold-in map. Lists of reading and reference material are included.

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The following nominal quotations may prove useful in checking prices. Canadian traders should consult their banks before making any firm commitments.

Conversions into Canadian dollar equivalent and units of foreign currency per Canadian dollar have been made at cross rates with sterling or the United States dollar on the date shown.

Except when buying and selling rates are specified, the mid rates only are quoted. The buying rate is that at which the banks purchase exchange from exporters. The selling rate is that at which banks sell exchange to importers.

When several rates are indicated, the rate applicable depends on the commodity traded. Information on the rate for any specific commodity may be obtained from the International Trade Relations Branch, Department of Trade and Commerce, Ottawa.

Rates used exclusively in non-merchandise trading are *not* included in the table.

For conversion to United States dollar equivalent multiply by 1.031260.

foreign exchange rates

Country	Unit	Type of Exchange	Can. dollar equivalent November 10	Units per Canadian dollar	Notes (see below)
Argentina	Peso	Official	.05387	18.56	(1)
		Free	.01395	71.68	
Austria	Schilling		.03730	26.81	
Australia	Pound		2.1773	.4593	
Bahamas	Pound		2.7216	.3674	
Belgium, Belgian Empire and Luxembourg	Franc		.01946	51.39	
Bermuda	Pound		2.7216	.3674	
Bolivia	Boliviano	Free	†	†	
British Guiana	Dollar		.5670	1.76	
British Honduras	Dollar		.6804	1.47	
Brazil	Cruzeiro	General Category*	.004938	202.51	*Oct. 29 (2)
		Special Category	.002694	371.07	
		Official buying	.05152	19.41	(3)
Burma	Kyat		.2036	4.91	
Ceylon	Rupee		.2041	4.90	
Chile	Peso	Free	.001248	801.28	(4)
Colombia	Peso	Certificate	.1508	6.63	
Costa Rica	Colon	Official	.1727	5.79	
		Controlled free	.1460	6.85	
Cuba	Peso		.9697	1.03125	tax 2%
Czechoslovakia	Koruna		.1347	7.42	
Denmark	Krone		.1404	7.12	
Dominican Republic	Peso		.9697	1.03125	
Ecuador	Sucre	Official	.06465	15.47	
		Free	.05796	17.25	
Egyptian Region, United Arab Rep.	Pound	Official	2.7845	.3591	
	"	Export account selling	2.1350	.4683	
El Salvador	Colon		.3879	2.58	
Fiji	Pound		2.4519	.4078	
Finland	Markka		.003030	330.03	
France, Monaco and North Africa	Franc		.002312	432.52	(5)
French colonies in Africa	Franc		.004624	216.26	(6)
French Pacific	Franc		.01272	78.62	(7)
Germany	D Mark		.2317	4.32	
Ghana	Pound		2.7216	.3674	
Greece	Drachma		.03232	30.94	
Guatemala	Quetzal		.9697	1.03125	
Haiti	Gourde		.1939	5.16	
Honduras	Lempira		.4848	2.06	
Hong Kong	Dollar	Free	.1672	5.98	*Oct. 31
		Official	.1701	5.88	
Iceland	Krona	Official	.05954	16.79	(8)
India	Rupee		.2041	4.90	
Indonesia	Rupiah	Effective buying	.03161	31.63	*Oct. 1 (8)
		Effective selling	.02562	39.03	
Iran	Rial	Certificate	.01282	78.12	

*Latest available quotation date. †Not available.

Country	Unit	Type of Exchange	Can. dollar equivalent November 10	Units per Canadian dollar	Notes (see below)
Iraq	Dinar		2.7151	.3683	
Ireland	Pound		2.7216	.3674	
Israel	Pound		.5387	1.86	
Italy	Lira		.001557	642.26	
Japan	Yen		.002694	371.19	
Lebanon	Pound	Free	.3051	3.28	
Mexico	Peso		.07758	12.89	
Netherlands	Florin		.2572	3.89	
Netherlands Antilles	Florin		.5183	1.93	
New Zealand	Pound		2.7216	.3674	
Nicaragua	Cordoba	Effective buying	.1469	6.81	
		Official selling	.1375	7.27	
Norway	Krone		.1358	7.36	
Pakistan	Rupee		.2041	4.90	
Panama	Balboa		.9697	1.031260	
Paraguay	Guarani	Official	.008736	114.46	
Peru	Sol	Certificate	.03888	25.72	
Philippines	Peso		.4848	2.06	
Portgual & Colonies	Escudo		.03384	29.55	(9)
Singapore and Malaya	Straits dollar		.3175	3.15	
Spain and Dependencies	Peseta	Controlled free	.02301	43.46	(8)
Sweden	Krona		.1874	5.34	
Switzerland	Franc		.2258	4.43	
Syrian Region, United Arab Rep.	Pound	Free	.2710	3.69	
Thailand	Baht	Free	.04637	21.57	(8)
Turkey	Lira		.1077	9.28	
Union of South Africa	Pound		2.7216	.3674	
United Kingdom	Pound		2.7215625	.367436	
United States	Dollar		.9696875	1.031260	
Uruguay	Peso	Free	.09939	10.06	
		Basic buying	.6369	1.57	(8)
		Principal selling	.4229	2.16	
Venezuela	Bolivar		.2895	3.45	
West Indies Fed.	Dollar		.5670	1.76	(10)
	Pound		2.7216	.3674	(11)
Yugoslavia	Dinar		.003232	309.41	(8)

*Latest available quotation date.

notes

1. Argentina: additional rates result from exchange retentions on export proceeds and surcharges on imports.
2. Brazil: exporters receive cruzeiros at official rate plus exchange premiums ranging from 18.70 to 48.64 cruzeiros per U.S. dollar, depending on product.
3. For imports of wheat, newsprint and petroleum, the effective rate of exchange is the official selling rate plus a surcharge of 61.18 cruzeiros..
4. Chile: free rate applies to exports and to imports, except prohibited imports. Chilean importers must deposit local currency in amounts ranging from 5 to 200 per cent, depending on product, prior to shipment of goods.
5. France: territory includes Algeria, Tunisia, Morocco, Guiana, Guadeloupe, Martinique.
6. Equatorial Africa, West Africa, Cameroons, Togoland, Somaliland, Madagascar, Reunion, St. Pierre and Miquelon.
7. New Caledonia, New Hebrides, Oceania.
8. Additional rates are in effect.
9. Portugal: approximately same rate for Portuguese territories in Africa.
10. Barbados, Trinidad, Tobago, Leeward and Windward Islands.
11. Jamaica.

The Dutch Invest in Canada

Flow of Netherlands settlers to Canada has been followed by flow of investment capital; some has gone into branch plants. But Dutch commitments elsewhere limit capital that can be invested here.

B. C. BUTLER, *Commercial Counsellor, The Hague.*

SOME forty Dutch firms today have set up branches or subsidiary companies in Canada. The latest annual report of the Netherlands-Canada Chamber of Commerce lists 32 of them; 15 are in the importing and distributing field, four in banking and investment, three in insurance, two in general trade, and one handles plants and shrubs. The seven others manufacture, assemble or package products such as alcoholic beverages, metal goods, clothing, gelatine products, pharmaceuticals, radio and electronic equipment, essences and pipes. Two large Dutch mining companies are known to have acquired property and are actively undertaking exploration work. Another group of Netherlands bankers and businessmen is developing a typically Dutch "polder" in the Pitt Meadows of British Columbia. They have also formed a Canadian engineering firm that is bidding on other projects in Canada.

In addition to these enterprises, Netherlands manufacturing, trading and transportation companies and shipping lines have active selling connections in Canada. These are increasing steadily as more Dutch businessmen cross the Atlantic to study Canadian marketing conditions and distribution methods.

Immigration Plays Important Role

A major reason for the increased investment interest is the large number of Netherlands citizens who have immigrated to Canada since the war—over 130 thousand. Many have purchased farms in all parts of Canada and some have formed such prosperous communities as the Holland Marsh market-gardening area near Toronto. Others have gone into businesses requiring varying amounts of capital, part of which has been supplied from Holland. It is difficult even to guess at the total of such investments but it must be substantial.

The Amsterdam Stock Exchange now lists a score of well-known Canadian stocks in which there is active trading. Most of the larger Dutch banking and investment firms include selected gilt-edged Canadian shares in their portfolios, although occasional rumours that the Canadian dollar is to be devalued have caused some Dutch investors to hesitate and may still be a restraining factor.

Holland cannot yet be regarded as a large source of branch industries. It has, of course, many well established heavy and light industries, with the emphasis on shipbuilding, electrical and electronic equipment, synthetic fibres, textiles, food products, cigars, alcoholic beverages, etc. Since the war the Dutch have themselves been engaged in a drive to increase and diversify industry and the result is that many Dutch industrial firms are still quite new. Some are branches of large British, American, French, German or other foreign companies: there are 75 branches of U.S. firms alone in Holland. It is also worth noting that many foreign companies, attracted by the stable political and labour conditions and relatively low costs, are entering into licensing arrangements for having their products made in the Netherlands. One attraction is that it is within the European Common Market area.

Investment Capital Limited

Canadians should bear in mind that the supply of capital available in Holland for investment in this country is limited. Funds already committed to industrial development in the Netherlands itself, in Curaçao, New Guinea, and the Middle East, plus the financial needs of state and municipal governments, have put a heavy strain on Dutch investment funds in recent years and no marked change is expected in the near future. Canadians should not look to Holland, therefore, as a large source of new investment funds. But at the same time, when participants in sound Canadian investment opportunities are being sought, the Dutch should not be forgotten. ●

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